

Participants

Christoph Börlin (Baloise Asset Management), Daniel Weilenmann (BNP Paribas (Suisse)), Frank Rust (Bucher Industries), Francesco Schiavo (Credit Suisse), Christoph Kummli (Julius Bär), Walter Inauen (LGT Bank), Alexandre Engerer (Pictet), André Siegrist (Publica), James Nisbet (Record Financial Group), Cédric Gumy (Suva), Benjamin Anderegg (SNB), Noah Angara (SNB), Barbara Döbeli (SNB), Christian Ritzmann (SNB), Andreas Keller (UBS), Hjalmar Schröder (ZKB)

Excused: Arnaud Bekenkamp (compenswiss), Ernst Lienhard (Swiss Re), Stephan Hoeger (UBS)

Zurich, 13 July 2023

Swiss FX Committee
swissfxc@snb.ch

Place and time

SNB Forum, 18 April 2023, 1.30pm to 4.00pm

Swiss FX Committee (Swiss FXC, SFXC)

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Benjamin Anderegg (Public Sector Co-Chair of the SFXC) welcomed the attendees and excused the three members who were unable to attend. Unfortunately, there was no room for manoeuvre to find a date that would have worked for everyone. Then, he introduced Noah Angara from the SNB as support in the committee's Secretariat. Finally, he recalled the rules on confidentiality and competition law and thanked Andreas Keller for his presence at the meeting as the committee's legal expert.

1. Swiss FX Committee

News and activities since the last meeting

On the outcome of the December 2022 GFXC meeting, its Chair, Andréa M. Maechler, briefed the SFXC members on an ad-hoc call.

Update regarding Statements of Commitment in Switzerland/Liechtenstein

Since the last SFXC meeting in November 2022, Raiffeisen Schweiz Genossenschaft published its Statement of Commitment in a register, previously just published on its website.

Code promotion activities

The SFXC members from the buy side produced a FX Global Code promotional document for the buy side highlighting their most important reasons for committing to the Code. Cédric Gumy from Suva, who is a member in the GFXC's Motivation for Adherence Working Group, presented this one-page document to all SFXC members. The document had already been distributed to the other local FX committees (to use the arguments in presentations, or distribute the document or to be inspired to do something similar) and positive feedback was received. SFXC members discussed further uses of the document, which includes the

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publication on the [Swiss FX Committee website](#) and the website of the Swiss Association of Corporate Treasurers ([SwissAct](#)).

B. Anderegg informed that Hjalmar Schröder internally presented the Code to ZKB's large corporate client advisors. B. Anderegg himself was asked to give two presentations (by Frank Rust on the General Assembly of SwissAct and by André Siegrist on a Swiss Seminar within the European Pension Fund Investment Forum (EPFIF)). Unfortunately, both had to be declined due to the black-out period for market contacts in connection with the SNB monetary policy meeting.¹ For this reason, presentations were also not possible at events in Switzerland that the GFXC's Motivation for Adherence Working Group had on its list. The other reason was that presentations had already taken place in the past.

The tour de table on peer outreach experiences showed that it remains difficult to recruit new signatories to the Code. A commitment is often seen as a liability rather than a benefit. At the same time, however, there are some promising prospects. Walter Inauen mentioned the intention of two banks in Liechtenstein to sign the Code by the end of this year. With regard to the release of the [Proportionality Self-Assessment Tool](#) on the GFXC website in early June 2023, B. Anderegg mentioned a possible letter to large corporates in Switzerland, which could also include the Code promotional document. As further future actions, F. Rust and Daniel Weilenmann announced Code presentations. B. Anderegg thanked all members for their efforts and asked that it be continued.

2. Developments on the FX Global Code and the Global FX Committee (GFXC),
Agenda items of the forthcoming GFXC meeting on 1/2 June in Mexico City

Developments related to GFXC work

B. Anderegg recalled that starting from April 1, EBS Direct has removed liquidity providers that do not comply with the Code from all their venues by default. In addition, EBS Direct reduced its last look thresholds.

Proportionality Self-Assessment Tool

It was informed that the tool will be accessible on the GFXC website after the GFXC meeting. Currently, the GFXC Working Group on Proportionality is optimizing the tool to ensure that it is easy to understand. F. Rust offered to test the version.

Update by the Motivation for Adherence Working Group on its three-pillar approach

The update will be on the actions undertaken to increase the visibility of the Code, to partner with rating agencies about recognition of the Code within their ESG assessment criteria, and to enhance education and training on the Code. The Chartered Financial Analyst (CFA)

¹The black-out period in 2023 is March 13-23, June 12-22, September 11-21 and December 4-14. In 2024, the black-out period will be March 11-21, June 10-20, September 16-26 and December 2-12.

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Institute has expressed interest towards the working group in including the Code in its course material. One SFXC member noted that the Finance Trainer also covers the Code. This inclusion in financial education was found very effective and SFXC members named providers in Switzerland that could be addressed (AZEK, CAS Swiss Certified Treasurer (SCT) of Lucerne University of Applied Sciences and Arts). A member asked whether the ACI's E-Learning, Attestation and Certification (ELAC) portal would be part of financial education. B. Anderegg will raise this point at the next ACI meeting.

FX settlement data

B. Anderegg informed about the Bank of England's intention to work with other central banks to refine the approach used in the BIS Triennial Survey to collect FX settlement risk data. Once the refined approach is available, it would be trialed by some Local FX Committees (LFXCs) that conduct surveys in their jurisdiction before being proposed to the BIS.

SFXC members see the main risk in transactions that are not part of the FX settlement mechanism by CLS (precious metals, central banks transactions), and in handling collateral due to large exposures in the system. SFXC members expressed interest in better understanding how CLS settlement would work in the event of a default by one of its members and CLS will be asked to make a presentation on a SFXC's ad-hoc call.

Survey results on data availability topics

In February 2023, a survey among the LFXCs was conducted on additional topics beyond the three suggested by the GFXC Chair at the 2022 December meeting. B. Anderegg said that in this survey, the LFXCs supported the Chair's topics. Some committees had already given a ranking of their priority, and the overall picture was mixed.

The SFXC agreed on its ranking as follows: Its main interest is to improve access to market data to benchmark execution of FX forward transactions, especially FX Swaps. The second priority is trade and market data in case of delegated execution. The least urgent is to make user-generated data more transparent. The industry precedent would be that the data recipient (platform) is the owner and data is only shared if aggregated.

Planning for 2023 GFXC Survey - Effectiveness of last Code review and focus of next review

B. Anderegg informed that the GFXC's survey will measure respondents' awareness and adoption of the Code, and the effectiveness of the Code as revised in July 2021 and its associated materials. In addition, the survey will seek respondents' view on where the focus of the next Code review should be. The survey will take place in September/October 2023 and SFXC members were encouraged to participate.

Market conditions and outreach update by local committees

As input for the tour de table at the GFXC meeting, SFXC members commented on market conditions. In general, members noted a regime shift in the cost of capital, which has led to

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more active liquidity management by treasurers among other things. With regard to the recent banking crises, members reported on market stress and some difficulties, but overall, the FX markets functioned orderly. The failure of the Silicon Valley Bank caused the largest moves since the Covid-19 outbreak. Finally, the members reported on observations around replacing Target2 with T2S as the new Real-Time Gross Settlement (RTGS) system in March 2023. Only some small issues with isolated settlement failures were mentioned.

Topical presentation – Shortening the US Securities settlement process: What does this mean for the FX market?

On May 28, 2024, there will be a move in the settlement from T+2 to T+1 for transactions in US cash equities, corporate debt, and unit investment trusts. The shortening is a joint effort of three institutions (Securities Industry and Financial Markets Association ([SIFMA](#)), Investment Company Institute ([ICI](#)), Depository Trust & Clearing Corporation ([DTCC](#))). On February 15, 2023, the Securities and Exchange Commission ([SEC](#)) adopted the rule change.

A bank has already seen client queries on this topic. Additionally, projects of banks with SIX exist. SFXC members wondered about the reasons for the shortening, which would result in less time to plan liquidity in U.S. dollar, with the implications for the FX market being unclear. It was pointed out that the shortening of the settlement cycle might cause more FX trading in same day and overnight maturities, which may reduce potential to settle via CLS.

Endorsement of the new GFXC Chair

Because the current Chair, Andréa M. Maechler, will leave the SNB at the end of June 2023 to become the Deputy General Manager of the BIS, a new Chair will be endorsed by the GFXC members at the end of the June meeting.

3. Update on a pricing standard in case of unscheduled holidays

B. Anderegg informed the committee, that based on the discussions at the last SFXC meeting, the SNB produced a note on two potential pricing approaches for the new settlement day on pre-defined transactions (to keep old price (no price adjustment) or price adjustment by market-implied forward points). In addition, steps were proposed to establish a market standard considered as best practice (survey among market participants on their preferred method followed by determining the method combined with best practice for operational procedures). The International Swaps and Derivatives Association (ISDA) was mentioned as a suitable body to understand whether any work had been done or could be done in this space.

This note was shared with LFXCs for comments in February 2023. B. Anderegg gave an overview of the feedback received, which will also be presented at the GFXC meeting. A possible next step could be that the GFXC writes a letter to ISDA.

4. Miscellaneous

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SFXC members did not raise any other business.

5. Next meeting

Potential dates for the next SFXC meeting will be proposed once the date for the GFXC meeting has been announced. At the next SFXC meeting, Ernst Lienhard will present on FX exposures of Swiss Re.